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**SUBSTITUTE HOUSE BILL 1788**

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**State of Washington                      66th Legislature                      2019 Regular Session**

**By** House Civil Rights & Judiciary (originally sponsored by Representative Stokesbary)

READ FIRST TIME 02/22/19.

1            AN ACT Relating to the Washington state bar association; amending  
2 RCW 2.48.180; adding new sections to chapter 2.44 RCW; recodifying  
3 RCW 2.48.180 and 2.48.200; and repealing RCW 2.48.010, 2.48.020,  
4 2.48.021, 2.48.030, 2.48.035, 2.48.040, 2.48.050, 2.48.060, 2.48.070,  
5 2.48.080, 2.48.090, 2.48.100, 2.48.110, 2.48.130, 2.48.140, 2.48.150,  
6 2.48.160, 2.48.166, 2.48.170, 2.48.190, 2.48.210, 2.48.220, and  
7 2.48.230.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9            NEW SECTION.    **Sec. 1.** A new section is added to chapter 2.44 RCW  
10 to read as follows:

11            The legislature recognizes the inherent plenary authority of the  
12 Washington state supreme court to regulate court-related functions,  
13 including the practice of law and the administration of justice.  
14 Therefore, the legislature hereby repeals the state bar act.

15            **Sec. 2.** RCW 2.48.180 and 2003 c 53 s 2 are each amended to read  
16 as follows:

17            (1) As used in this section:

18            (a) "Legal provider" means (~~(an active member in good standing of~~  
19 ~~the state bar, and any other)~~) a person authorized by the Washington  
20 state supreme court to engage in full or limited practice of law;

1 (b) "Nonlawyer" means a person to whom the Washington supreme  
2 court has granted a limited authorization to practice law but who  
3 practices law outside that authorization, and a person who is not  
4 (~~(an active member in good standing of the state bar, including~~  
5 ~~persons who are disbarred or suspended from membership)) authorized~~  
6 by the Washington state supreme court to engage in full or limited  
7 practice of law;

8 (c) "Ownership interest" means the right to control the affairs  
9 of a business, or the right to share in the profits of a business,  
10 and includes a loan to the business when the interest on the loan is  
11 based upon the income of the business or the loan carries more than a  
12 commercially reasonable rate of interest.

13 (2) The following constitutes unlawful practice of law:

14 (a) A nonlawyer practices law, or holds himself or herself out as  
15 entitled to practice law;

16 (b) A legal provider holds an investment or ownership interest in  
17 a business primarily engaged in the practice of law, knowing that a  
18 nonlawyer holds an investment or ownership interest in the business;

19 (c) A nonlawyer knowingly holds an investment or ownership  
20 interest in a business primarily engaged in the practice of law;

21 (d) A legal provider works for a business that is primarily  
22 engaged in the practice of law, knowing that a nonlawyer holds an  
23 investment or ownership interest in the business; or

24 (e) A nonlawyer shares legal fees with a legal provider.

25 (3) (a) Unlawful practice of law is a crime. A single violation of  
26 this section is a gross misdemeanor.

27 (b) Each subsequent violation of this section, whether alleged in  
28 the same or in subsequent prosecutions, is a class C felony  
29 punishable according to chapter 9A.20 RCW.

30 (4) Nothing contained in this section affects the power of the  
31 courts to grant injunctive or other equitable relief or to punish as  
32 for contempt.

33 (5) Whenever a legal provider or a person licensed by the state  
34 in a business or profession is convicted, enjoined, or found liable  
35 for damages or a civil penalty or other equitable relief under this  
36 section, the plaintiff's attorney shall provide written notification  
37 of the judgment to the appropriate regulatory or disciplinary body or  
38 agency.

39 (6) A violation of this section is cause for discipline and  
40 constitutes unprofessional conduct that could result in any

1 regulatory penalty provided by law, including refusal, revocation, or  
2 suspension of a business or professional license, or right or  
3 admission to practice. Conduct that constitutes a violation of this  
4 section is unprofessional conduct in violation of RCW 18.130.180.

5 (7) In a proceeding under this section it is a defense if proven  
6 by the defendant by a preponderance of the evidence that, at the time  
7 of the offense, the conduct alleged was authorized by the rules of  
8 professional conduct or the admission to practice rules, or  
9 Washington business and professions licensing statutes or rules.

10 (8) Independent of authority granted to the attorney general, the  
11 prosecuting attorney may petition the superior court for an  
12 injunction against a person who has violated this chapter. Remedies  
13 in an injunctive action brought by a prosecuting attorney are limited  
14 to an order enjoining, restraining, or preventing the doing of any  
15 act or practice that constitutes a violation of this chapter and  
16 imposing a civil penalty of up to five thousand dollars for each  
17 violation. The prevailing party in the action may, in the discretion  
18 of the court, recover its reasonable investigative costs and the  
19 costs of the action including a reasonable attorney's fee. The degree  
20 of proof required in an action brought under this subsection is a  
21 preponderance of the evidence. An action under this subsection must  
22 be brought within three years after the violation of this chapter  
23 occurred.

24 NEW SECTION. **Sec. 3.** The following acts or parts of acts are  
25 each repealed:

- 26 (1) RCW 2.48.010 (Objects and powers) and 1933 c 94 s 2;
- 27 (2) RCW 2.48.020 (First members) and 1933 c 94 s 3;
- 28 (3) RCW 2.48.021 (New members) and 1933 c 94 s 4;
- 29 (4) RCW 2.48.030 (Board of governors) and 1982 1st ex.s. c 30 s  
30 1, 1972 ex.s. c 66 s 1, & 1933 c 94 s 5;
- 31 (5) RCW 2.48.035 (Board of governors—Membership—Effect of  
32 creation of new congressional districts or boundaries) and 1982 1st  
33 ex.s. c 30 s 2;
- 34 (6) RCW 2.48.040 (State bar governed by board of governors) and  
35 1933 c 94 s 6;
- 36 (7) RCW 2.48.050 (Powers of governors) and 1933 c 94 s 7;
- 37 (8) RCW 2.48.060 (Admission and disbarment) and 1933 c 94 s 8;
- 38 (9) RCW 2.48.070 (Admission of veterans) and 1945 c 181 s 1;

- 1 (10) RCW 2.48.080 (Admission of veterans—Establishment of  
2 requirements if in service) and 2011 c 336 s 63 & 1945 c 181 s 2;  
3 (11) RCW 2.48.090 (Admission of veterans—Establishment of  
4 requirements if discharged) and 2011 c 336 s 64 & 1945 c 181 s 3;  
5 (12) RCW 2.48.100 (Admission of veterans—Effect of disability  
6 discharge) and 1945 c 181 s 4;  
7 (13) RCW 2.48.110 (Admission of veterans—Fees of veterans) and  
8 1945 c 181 s 5;  
9 (14) RCW 2.48.130 (Membership fee—Active) and 1957 c 138 s 1,  
10 1953 c 256 s 1, & 1933 c 94 s 9;  
11 (15) RCW 2.48.140 (Membership fee—Inactive) and 1955 c 34 s 1 &  
12 1933 c 94 s 10;  
13 (16) RCW 2.48.150 (Admission fees) and 2011 c 336 s 65 & 1933 c  
14 94 s 11;  
15 (17) RCW 2.48.160 (Suspension for nonpayment of fees) and 2011 c  
16 336 s 66 & 1933 c 94 s 12;  
17 (18) RCW 2.48.166 (Admission to or suspension from practice—  
18 Noncompliance with support order—Rules) and 1997 c 58 s 810;  
19 (19) RCW 2.48.170 (Only active members may practice law) and 2011  
20 c 336 s 67 & 1933 c 94 s 13;  
21 (20) RCW 2.48.190 (Qualifications on admission to practice) and  
22 1987 c 202 s 107 & 1921 c 126 s 4;  
23 (21) RCW 2.48.210 (Oath on admission) and 2013 c 23 s 1 & 1921 c  
24 126 s 12;  
25 (22) RCW 2.48.220 (Grounds of disbarment or suspension) and 2011  
26 c 336 s 68, 1921 c 126 s 14, & 1909 c 139 s 7; and  
27 (23) RCW 2.48.230 (Code of ethics) and 1921 c 126 s 15.

28 NEW SECTION. **Sec. 4.** RCW 2.48.180 and 2.48.200 are each  
29 recodified as sections in chapter 2.44 RCW.

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